

TML INTERGOVERNMENTAL EMPLOYEE BENEFITS POOL
Underwriting/Bid Review and Budget/Finance Committees Meeting
June 28, 2007 @ 8:30 am
Sheraton Fiesta ~ South Padre Island
310 Padre Boulevard
South Padre Island, Texas 78597
(956) 761-6551 ~ (956) 791-4181 Fax

AGENDA

I. Organizational Items (Part I)

- A. Call to Order
- B. Roll Call and Declaration of Quorum
- C. Minutes (**Tab A**)
 - a. June 29, 2006 ~ Underwriting/Bid Review Committee
 - b. May 23, 2007 ~ Budget/Finance Committee

II. Discussion Items

- A. Underwriting Committee (Larry Fields)
 - a. Web Wellness Portal and Health Risk Appraisal Contract (**Tab B**)
 - b. Rerate P&P (**Tab C**)
 - 1. Review Scope – Benefit Service Specialists request to move age 50% from 55 to 60 years of age
 - c. Turnaround Time (**Tab D**)
 - d. Claim Reports: (**Tab E**)
 - 1. Pend
 - 2. Suspend
 - 3. File Closed
 - e. Excess Claim Review >\$35,000, >125,000, >\$250,000 and >\$500,000 (**Tab F**)
 - f. Age and Gender Factors (**Tab G**)
 - 1. Pool Average Age Review
 - 2. Age/Gender factors
 - g. Tiered Rates (**Tab H**)
 - h. Area/Trend Factors (**Tab I**)
 - i. Medical Trend Overview (Underwriting Consultant presentation)
 - 1. Industry
 - 2. Pool
 - 3. Definition of Medical Trend (presentation by underwriting consultant)
 - i. Utilization Trends
 - ii. Aged Population/Greater Demand for Services
 - iii. Impact of Uninsured
 - iv. Impact of Mandated Benefits
 - v. Census (age and gender)
 - vi. Benefit Design
 - vii. Prescription Utilization
 - viii. Poor Lifestyle Choices
 - ix. Provision of healthcare costs
 - x. Impact of upgrade in medical technology
 - xi. Cost of malpractice expenses
 - xii. Network Discounts/Savings are staying flat not increasing

- j. Plan Design Factors (**Tab J**)
 - 1. Plans
 - 2. Retiree Continuum of Care
 - i. 185% of Active Employee Rate
 - ii. Retiree Continuum of Care (no change)
 - iii. Retirees included in Manual Rates
 - iv. Three >65 retirees on Pool Comprehensive Plan
 - k. Prescription Factors (**Tab K**)
 - 1. MAC A
 - 2. MAC C
 - 3. Managed Care Plans
 - i. Deductible \$100.00
 - ii. Specialty Rx Copay \$80.00/30 day dispensement
 - 4. Prior Authorization
 - i. ADD
 - ii. Growth Hormones
 - iii. Accutane
 - iv. Botax
 - 5. Over the counter
 - i. Non-Sedating Antihistamines (Claritin, Alavert)
 - ii. Smoking Deterrent (Nicorette, Nicotine Patch)
 - iii. Stomach and Ulcer (Prilosec)
 - 6. Request to cover prescription smoking cessation drug
 - l. Fixed Rates
 - 1. Network \$2.00
 - 2. Managed Care \$4.00
 - m. Indemnity Plan Review (**Tab L**)
 - 1. Out of Network reasonable and customary review
 - 2. MDR vs. RBRVS
 - n. Loss Ratio 10/01/06-05/31/07 (**Tab M**)
 - 1. Pool – Loss Ratio/Adjusted Loss Ratio
 - 2. Mini-Pool – Loss Ratio/Adjusted Loss Ratio
 - o. Network Access Fee Update:
 - 1. Options PPO (Gross and Net Impact) (Proprietary Information packet)
 - 2. Health Headquarters \$1.00 PEPM
 - 3. HealthSmart \$3.85 PEPM
 - 4. Greater Hill Country \$1.50 PEPM
 - 5. URN Transplant Network for Non UMR Groups .15 PEPM
 - p. Dual Option Plan Review (**Tab N**)
 - q. Employer participation in on-site wellness (identified on underwriting spreadsheet)
 - r. Average Replacement Ratio:
 - 1. 12.17% of Charged
 - 2. 30.26% of Paid
 - 3. 14.52% of Eligible Charges
- B. Network Terminations
- a. Principal-On-Site Wellness
 - b. SmartCare Relationship
 - 1. City of Paris: New Annual Rate \$434,641.00 in discussions with City
 - 2. Capital Area COG: Approved early termination
 - 3. TMC Staff: Termination will occur on plan year

- C. Healthy Initiative HealthPlan
 - a. Incentive \$150.00
- D. Consumer Driven Health Plans
 - a. HRA/Debit Card – Health Reimbursement Accounts
 - b. HSA – Health Savings Accounts
- E. Benefit Book Member Concerns and/or Summary of Benefit Recommendations:
 - a. Bariatric Update (**Tab O**)
 - b. Summary of Medical Benefit Book Changes (**Tab P**)
 - 1. Benefit Changes
 - 2. Language Changes
 - c. Summary of Dental Benefit Book Changes
 - 1. Dental II (**Tab Q**)
 - 2. Voluntary Dental II
 - 3. Dental III (**Tab R**)
 - d. Summary of Vision Book Changes
 - 1. Vision A (**Tab S**)
 - 2. Vision B (**Tab T**)
 - 3. Voluntary Vision A
 - 4. Voluntary Vision B
 - e. Prescription
 - 1. Review possible coverage for Chantix
 - f. Retiree Benefit Book
 - g. Alternate Plan Benefit
 - h. Schedule of Medical Benefit Overview
 - i. Schedule of Prescription Benefit Overview
 - j. Life/LTD/STD ADD and PAI Contract (**Tab U**)
- F. Supplemental Benefit Menu Options (**Tab V**)
 - a. EAP
 - b. Cancer
 - c. Accident
 - d. Critical Illness
- G. Underwriting Overview
 - a. Cost Projection (**Tab W**)
 - 1. Medical Trend 6%
 - 2. Prescription Trend 9%
 - 3. Stop Loss Trend 8%
 - 4. Operation Costs
 - 5. Healthy Initiative Costs not included in Cost Projection
 - b. Average Contribution Increase
 - 1. Pool
 - 2. Mini-Pool
 - c. Pool Rerate Spreadsheet
- H. HIPAA Title I Participation or OPT out correspondence (HCFA Letter) (**Tab XYZ**)
- I. In September a review of specific deductible will occur.
 - a. Cost/Revenue Center for Stop Loss Carrier at \$500,000
 - b. Review increase to \$750,000
- J. Budget Audit/Finance Investment Committee (Richard Browning)
 - a. Five Year History of Budget Projection with Actual (**Tab A**)
 - b. Investment Loss or Gain
 - c. Underwriting Loss or Gain

- d. Revenue:
 - 1. \$84,627,282.00 6.95% Healthy Initiative Below the Bottom Line
 - 2. \$88,583,766.00 12.95% increase Healthy Initiative Above the Bottom Line
- e. Healthy Initiative
 - 1. Women \$567.35
 - 2. Men \$271.77
 - 3. 75% participation
- f. Pool Contribution
- g. ASO Contribution
- h. Budget Fiscal Year 2007-2008
 - 1. Salary Cost 4.95%
 - 2. Benefits 25.53% Standard 27-29%
 - 3. Medical Benefits Per Salary is 8.9%
 - 4. Operation Cost
 - 5. Capital Expenditure
 - 6. Special Projects
 - 7. High Dollar Reserve
 - 8. Administrative costs: 21.43% (HI included in Claim Costs vs. 22.32% HI not included in Claim cost)
 - 9. Member Equity Calculation
 - i. Current \$57,573,649
 - ii. Projected for September 30, 2007 \$61,0073,649
- i. Board Meeting Cost Analysis/Board Reimbursement Policy

III. Organizational Items (Part II)

- A. Adjourn

The Board of Trustees of the TML Intergovernmental Employee Benefits Pool reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), and 551.074 (Personnel Matters).